

WATER/FLC/SNR/PTL/HJL:jjj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4521

February 10, 2005

R E S O L U T I O N

**(RES. W-4521), PEERLESS WATER COMPANY (PWC). ORDER
AUTHORIZING A SURCHARGE TO RECOVER DEPARTMENT OF
HEALTH SERVICES (DHS) COSTS PRODUCING AN INCREASE IN
ANNUAL REVENUE OF \$3,777.38 OR 0.47%.**

SUMMARY

By Advice Letter No. 96, filed on November 29, 2004, PWC seeks to add a one-time surcharge, to its tariff Schedules Nos. 1, General Metered Service, and 6, Metered Service Reclaimed Water Tariff, resulting in an increase in annual revenues of \$3,777.38 or 0.47%. This increase is to recover DHS' fees incurred from July 1, 2003 through June 30, 2004 over and above the amount allowed in the last general rate case.

BACKGROUND

PWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to recover \$3,777.38 in DHS' fees. PWC's present rates became effective on June 13, 2004, pursuant to Res. No. W-4472, which authorized a general rate increase of \$72,867 or 8.5% with a rate of return of 12.15%. This rate increase will not result in a rate of return greater than that authorized by Res. No. W-4472.

PWC serves 1,808 residential and commercial customers in the city of Bellflower, Los Angeles County. PWC obtains its water supply from a series of thirteen wells, ranging in size from 8-inches to 16-inches—all located in its service area, as well as from neighboring water utilities. Currently, only four wells are operational as groundwater contamination prevents PWC from using the rest of its wells. Water pumped from the wells is stored in large pressure tanks before entering the distribution system. PWC also purchases and resells reclaimed water to four customers. In addition, each year PWC leases the excess groundwater it is unable to pump to neighboring water utilities.

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DISCUSSION

Res. No. W-4013, dated December 20, 1996, which expired January 1, 2002, and Res. No. W-4327 (extending the requirements of Res. No. W-4013), dated March 6, 2002, authorized all Class B, C, and D Water Utilities to establish water quality memorandum accounts (WQMA) and user fee memorandum accounts (UFMA).

Each Class B, C, D water utilities are regulated by the Commission and subject to the provisions of the DHS' Division of Drinking Water and Environmental Management fees and regulations is authorized to establish a memorandum account in which to record payment of sampling, testing and compliance costs, which are not already covered in rates and which are incurred after the date of this resolution. Costs resulting from non-compliance and related fines shall not be included in this account.

Class B, C, and D water utilities are authorized to establish a memorandum account in which to record payment of Office of Drinking Water User Fees not already included in rates and which are incurred after the date of this resolution.

Each water utility having recorded payment of costs as authorized above, is authorized to file an advice letter requesting recovery of those costs. Expenses incurred prior to 36 months from the date of filing shall not be allowed.

Recovery of these memorandum accounts will be pursuant to a Commission resolution unless and until the Commission otherwise provides for recovery of expenses requested by advice letter.

This advice letter requests recovery of DHS fees only.

Therefore, Water Division recommends that PWC be authorized to assess a one-time surcharge of \$2.09 per customer, to recover the \$3,777.38 balance, which will be booked in UFMA balancing accounts.

Service is satisfactory. PWC is in compliance with all Commission orders.

NOTICE AND PROTESTS

Notice of the proposed rate increase was placed in The Long Beach Press-Telegram newspaper of general circulation on November 19, 2004. There were no protests concerning the proposed increase.

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FINDINGS

1. Res. No. W-4327 authorizes all Class B, C, and D water utilities to establish WQMAs and UFMAs.
2. Class B, C, and D water utilities were also authorized in Res. No. W-4327 to request recovery of these account balances by advice letter filings.
3. On November 29, 2004, PWC filed Advice Letter No. 96 to increase rates to recover DHS' fees.
4. PWC is currently not earning in excess of its last authorized rate of return of 12.15%.
5. The under-collections represent 0.47% over gross revenues for PWC.
6. The surcharge herein would allow PWC to recover the DHS balance, which totals \$3,777.38.
7. It is proper for PWC to assess a one-time surcharge of \$2.09 per customer, to recover the DHS balance.
8. This is an uncontested matter subject to the public notice comment exclusion provided in the PU Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. Peerless Water Company is authorized, five days after the effective date herein, to make effective its revised rate Schedules Nos. 1, General Metered Service, and 6, Reclaimed Water Tariff, attached to Advice Letter No. 96, and to cancel the corresponding presently effective rate schedules.
2. Peerless Water Company is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.

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3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on February 10, 2005; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director